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SUBJECT: JAPAN THINKING AHEAD TO APEC 2010

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[1](#)B. 08 TOKYO 1724

TOKYO 00000279 001.2 OF 003

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[1](#)1. (SBU) Summary: Japanese officials responsible for APEC affairs have begun internal discussions of GOJ priorities for Japan's 2010 APEC chairmanship focusing on a "New APEC Vision" that provides strategic direction for the organization to 2020 and beyond. The GOJ is considering a "Green APEC" concept that would link sustainable development, climate change, and alternative energy, as well as continuing APEC work on structural reform and regional integration. Japanese officials seek close and sustained coordination with U.S. counterparts in the lead up to 2010 and continuing through 2011. A Japanese academic who has worked on APEC issues since the early 1990's tells Embassy the level of cooperation between METI and MOFA on APEC issues is the best he has seen in a decade. End Summary.

[1](#)2. (SBU) Interagency consultations on likely priorities for Japan's 2010 APEC chairmanship have begun and Japan's co-Senior Officials plan to brief their USG counterparts on the status of these discussions when they meet in Singapore for the Feb 15-16 SOM I.

[1](#)3. (SBU) Leading Japan's proposed 2010 agenda is formal recognition of the achievement of the 1994 Bogor Goal of "free and open trade and investment between APEC developed economies by 2010." As to how exactly to express this achievement, Japan is comfortable with the consensus emerging from informal discussion among relevant economies in recent months, according to METI APEC Director Tetsuro Fukunaga.

[1](#)4. (SBU) Meanwhile, the GOJ is beginning to focus on the components of a longer-term vision to guide APEC activities up to 2020 and beyond. Although still sketchy, GOJ thinking is coalescing around four policy pillars: 1) Continued work toward regional economic integration; 2) Promoting a "Green APEC" that demonstrates the compatibility of protecting the environment and promoting economic growth; 3) Building a Caring Society, building on and expanding APEC's current structural reform agenda; and 4) Enhancing Human Security and Building a Secure APEC.

[1](#)5. (SBU) METI's Fukunaga and his MOFA counterpart, Tetsuya

Sasayama, both stress any new APEC vision must be attractive to a broad cross section of APEC citizens and political leaders, not just the bureaucrats already involved in APEC activities. Japan's APEC officials want to work closely with USG counterparts throughout 2009 to flesh out these ideas before announcing them publicly at the November Leaders meeting in Singapore.

Regional Economic Integration

¶6. (SBU) Japanese officials stress APEC needs to have a clear agreed vision for the direction of regional integration by the end of 2009. A pathfinder approach such as the Transpacific Partnership (TPP) may be one option -- even if Japan is unable, for domestic reasons, to join at the moment.

Sasayama warned, however, that it is still an open question whether the TPP is capable of becoming a building block in the larger vision of regional integration. It might be worthwhile to consider a new style of pathfinder which focuses not on which countries join, but on which sectors to include. Acknowledging the direction of APEC integration efforts depend, in part, on progress in the Doha Development Agenda, Sasayama said APEC nevertheless can continue with a practical integration agenda that includes work on such issues as harmonization of rules of origin or the patent roadmap.

Green APEC

¶7. (SBU) Japan also wants to use its chairmanship to expand APEC work on environmental and related global issues in a regional context. Dubbed "Green APEC", the idea is to

TOKYO 00000279 002.2 OF 003

promote ideas such as liberalization of trade in environmental goods and services, adoption of higher domestic environmental standards and greater use of alternative energies. Japanese officials believe Japan is particularly well placed to lead such an effort because it is a leader in development of green technologies. While discussions on binding carbon emissions targets would remain in the UNFCCC, Sasayama said, APEC can expand its traditional trade and investment agenda by adding a "green tint." Such steps could include a broad array of projects include technology transfer, promotion of sustainable trade, and encouragement of economies to adopt individual voluntary emission reduction goals. A Green APEC vision requires close involvement of business to ensure it incorporates realistic economic incentives, Sasayama noted. Programs that focus only on governmental subsidies or other types of non-market support will not work, he added.

¶8. (SBU) Sasayama also notes a "Green APEC" agenda could stimulate APEC members to think about a post-2010 framework for tracking and enforcing voluntary commitments since a number of economies will no longer have Individual Action Plans once they complete their Bogor goals.

Building a Caring Society

¶9. (SBU) In addition, Japan wants to build and expand on APEC's current structural reform agenda and respond to an observed shift in members' attention from micro- to macroeconomic concerns. "Behind the border" issues such as investment, services, competition and trade facilitation, remain important, but Japanese officials sense growing interest in addressing the problems of global financial imbalances, trade finance, and how to stimulate domestic consumption and investment to reduce dependence on exports. The GOJ also sees a need for projects that promote fair and balanced economic growth and address the demographic challenges facing an increasing number of APEC economies such as aging populations and weakening social safety nets.

Human Security

¶10. (SBU) Preliminary discussions are leading Japan to propose to continue existing work on transnational security issues such cooperation in handling possible global pandemics and strengthening domestic disaster responses while assuring that members support these activities with appropriate capacity building programs.

Improved Interagency Coordination

¶11. (SBU) Separately, Waseda University professor and Senior MOFA Advisor Shujiro Urata told Econoff he supports GOJ efforts to give environmental and global issues a higher priority in APEC. He worries, however, that Japan's leadership in this area might be weakened by domestic business opposition to carbon emissions trading schemes. Nonetheless, he insists, "Japan has a good story to tell on environmental issues and has demonstrated that long-term environmental improvement is consistent with economic growth." Urata commended the excellent working relationship between the often competitive MOFA and METI bureaucracies, at least on APEC issues. Coordination between the two senior officials and their staffs, he said, is the best he has seen in more than ten years.

¶12. (SBU) The GOJ has begun the process of choosing a venue for the 2010 Leaders meeting. Officials will visit the four candidate cities -- Kyoto, Sapporo, Yokohama, and Hiroshima -- in mid-February. Kyoto appears to have a slight edge, according to METI officials, due to a greater availability of hotel rooms and conference facilities. However, Kyoto officials would prefer a late-October summit (which could conflict with the Shanghai World Fair) to avoid disrupting the city's peak tourist season in mid to late November. A final recommendation on a host city is due in the Prime Minister's office by March 31.

TOKYO 00000279 003.2 OF 003

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